CLASS OF SERVICE: Gas Transportation Tariffs
RATE DESIGNATION: General Terms and Conditions

(Con't)

6. Liability:

(a) General - Gas shall be and shall remain the property of the Customer while being transported and delivered by the Company. The Company shall not be liable to the Customer for any loss arising from or out of Gas Transportation Service while in the Company's system or for any other cause, except for gross or willful negligence of the Company's own employees. The Company reserves the right to commingle gas of the Customer with other gas supplies including propane and liquefied natural gas.

(b) Insurance - The Customer shall be responsible for determining the extent of and maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.

7. Retention: A Customer or Group Customer, if applicable, shall have the option to choose one of the following methods to apply retention:

Option One (Indexed Based): The value of retention shall be determined by multiplying i) the monthly average price plus applicable interstate pipeline transportation charges as reported in the BTU's Daily Gas Wire Index for each pipeline (NNG: MidContinent Pooling Point) times ii) the Retention percentage times iii) the Deliveries. This value shall be billed monthly. This billing shall represent compensation for Lost and Unaccounted for Gas. The Retention percentage is 1.48% for the Company's South Dakota distribution customers and 0.45% for large volume customers with 30,000 therms daily average based on a 365 day year, that are not billed using the upstream interstate pipeline meter. The percentages will be adjusted annually, to be effective November 1, based on the actual percentage incurred by the Company for the prior 12 month period ending July 31. Retention amounts collected under this option will be credited to expense in PGA true-up filings. If the Customer, or Group Customer, does not select one of the options presented in this retention section, retention shall be calculated as stated in this paragraph. T T

Option Two (Inkind): The Customer, or Group Customer, if applicable, upon written request, may deliver retention quantities inkind. The request shall include the Customer's account number and the meter number of which inkind retention is being requested and shall be delivered to the Company's representative. Upon the Company's acknowledgment of the receipt of the request, the Customer shall be allowed to deliver retention volumes inkind. The Customer shall have the option to have the quantity of transportation gas received from the transporting pipeline reduced, upon delivery to the Customer, by a fixed percentage as set forth above, which shall represent compensation for Company-Used Gas and Lost and Unaccounted For Gas. Where fuel reimbursement is inkind, the standard fuel calculation mechanism, as this is related to the nominating process, should be (1-(fuel %/100)) multiplied by receipt quantity = delivery quantity.